GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4650
ANSWERED ON:25.04.2008
AGRICULTURE B RURAL DEVELOPMENT BANKS
Pradhan Shri Prasanta

Will the Minister of FINANCE be pleased to state:

(a) whether the Agriculture & Rural Development Banks (ARDBs) are not allowed to function as full fledged banks like other banks; and

(b) if so, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : In terms of Banking Regulation (BR) Act, 1949 (As Applicable to Co-operative Societies) Agriculture and Rural Development: Banks (ARDBs) are not considered banks. ARDBs are actually co-operative societies disbursing long-term credit to farmers. Other banks (e.g. Commercial Banks, Co-operative Banks and Regional Rural. Banks) are regulated by the Reserve Bank under the Banking Regulation Act, 1949 whereas this Act does not apply to ARDBs at all.